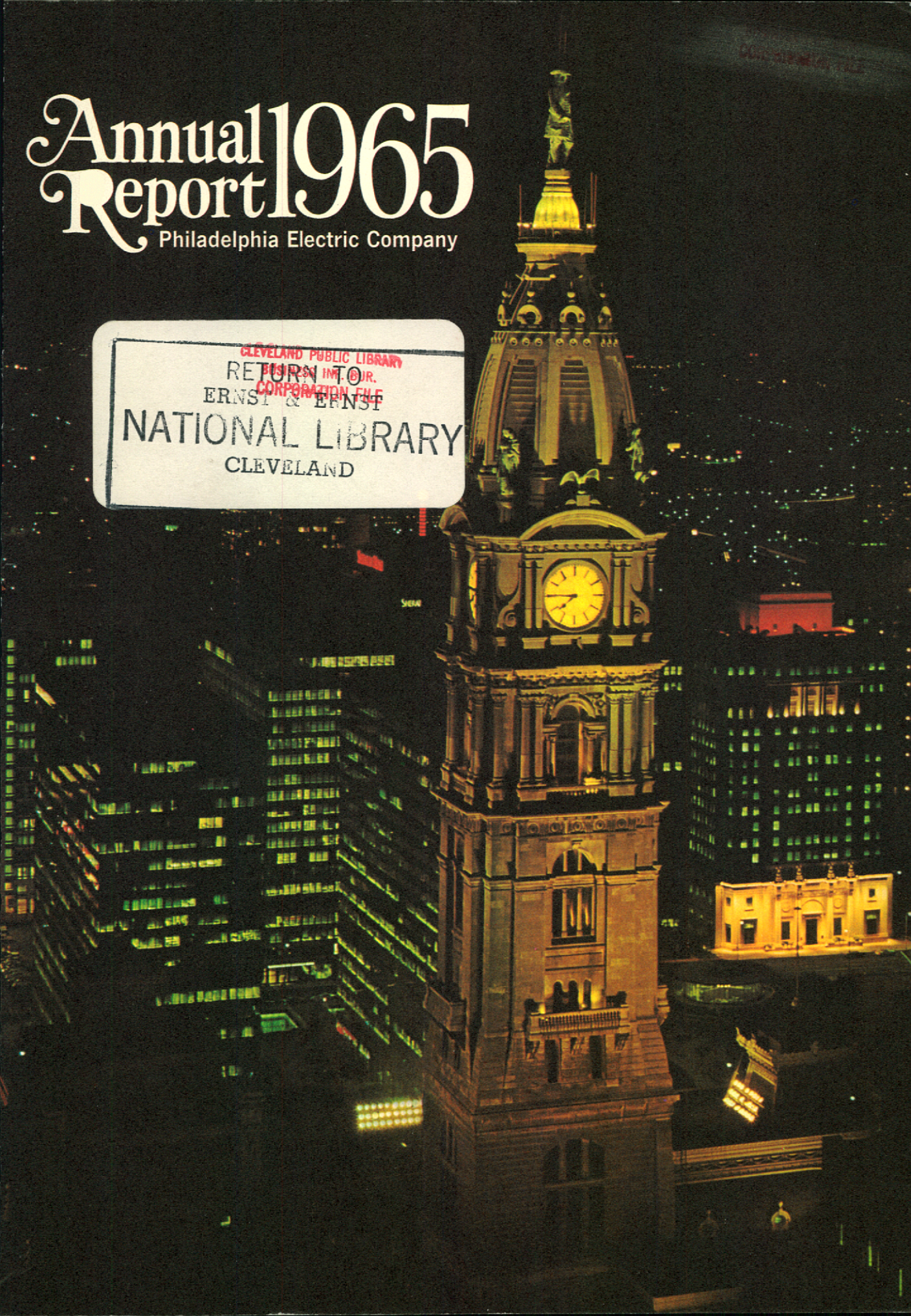


Annual Report 1965

Philadelphia Electric Company

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Philadelphia's Municipal Services Building

Annual Meeting

The annual meeting of the stockholders of the Company will be held on April 13 at twelve o'clock noon at the office of the Company, Edison Building, Ninth and Sansom Streets, Philadelphia. Holders of the Common Stock of record at the close of business on March 4 are entitled to vote at this meeting. Notice of the meeting, proxy statement, and form of proxy are being sent with this report to the holders of Common Stock. Prompt return of the proxies will be appreciated.

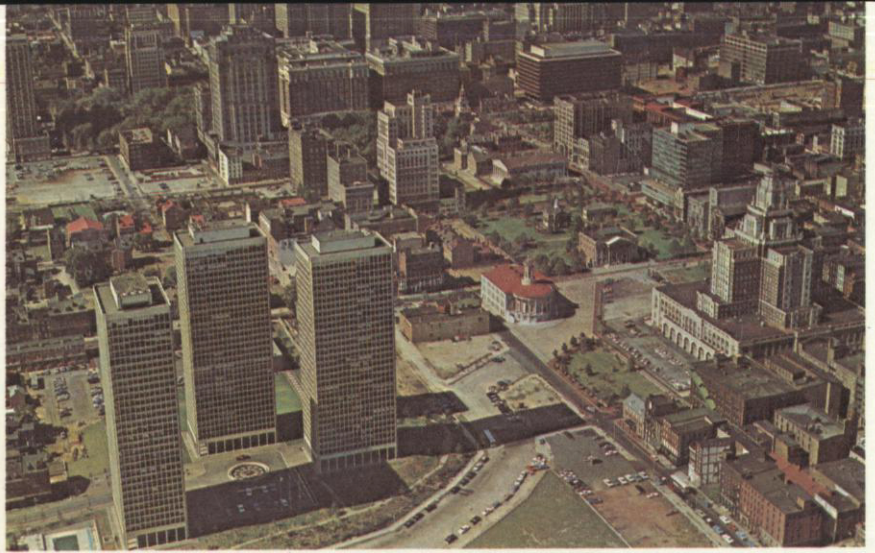
Annual Report 1965



Benjamin Franklin Parkway

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ON THE COVER. Floodlighting gives brilliant prominence to Philadelphia's City Hall. Illumination of the 548-foot tower, topped by the imposing statue of the city's founder, William Penn, has set the pace for the floodlighting of many other buildings.



Redevelopment of Society Hill moves ahead

Board of Directors

- *GUSTAVE G. AMSTERDAM *President, Bankers Securities Corporation*
 GEORGE H. BROWN, JR. *Chairman of the Board, Girard Trust Bank*
 *JOHN A. DIEMAND *Chairman of the Executive Committee, Insurance Company of North America*
 *ROBERT F. GILKESON *President of the Company*
 WILLIAM W. HAGERTY *President, Drexel Institute of Technology*
 *WILLIAM G. HAMILTON, JR. *President, American Meter Company, Inc.*
 PAUL R. KAISER *President, Tasty Baking Company*
 VINCENT P. McDEVITT ... *Vice-President and General Counsel of the Company*
 *ROY G. RINCLIFFE *Chairman of the Board of the Company*
 PHILIP T. SHARPLES *Director, Lehigh Valley Railroad Company*
 G. STOCKTON STRAWBRIDGE *President, Strawbridge & Clothier*

**Member of Executive Committee, of which Mr. Rincliffe is chairman.*

Officers

- ROY G. RINCLIFFE *Chairman of the Board*
 ROBERT F. GILKESON *President*
 GEORGE R. CONOVER *Vice-President—Personnel and Public Relations*
 VINCENT P. McDEVITT *Vice-President and General Counsel*
 ROBERT P. LIVERSIDGE *Vice-President—Electric Operations*
 WILLIAM H. JONES *Vice-President—Purchasing and Service Operations*
 MILTON I. ALLEN *Vice-President—Sales*
 J. HENRY LONG *Vice-President—Gas Operations*
 CHARLES W. WATSON *Vice-President—General Administration*
 JAMES H. HARLOW *Vice-President—Engineering and Research*
 ALLAN G. MITCHELL *Vice-President—Finance and Accounting*
 VINCENT J. WALSH *Secretary*
 GEORGE W. MILLER *Treasurer*
 WILLIAM F. BERGAN *Assistant Secretary*
 DAVID W. EVANS, JR. *Assistant Treasurer*
 J. WALLACE SCHULZE *Assistant Treasurer*

GENERAL OFFICE: 1000 CHESTNUT STREET, PHILADELPHIA, PA. 19105

FISCAL AGENTS ARE SHOWN ON PAGE 30



New buildings mirror center-city progress

March 7, 1966

To Our Shareowners:

Your Company continued to move ahead in 1965 with gains that established new highs in revenue and earnings. The annual dividend rate for Common Stock was increased to \$1.48 a share from the previous rate of \$1.32, beginning with the second quarterly payment in June. This was the eighth dividend increase since 1950.

For expansion and improvements over the next five years, your Company will invest a record \$693 million, or more than \$2½ million a week. Three major projects under way—the Peach Bottom atomic power plant, the Muddy Run pumped-storage development, and the Keystone mine-mouth generating station—typify your Company's determination to take advantage of technological advances to achieve greater efficiencies and lower costs. Only by attaining these objectives can we adequately meet the growing energy requirements of our customers and assure the continued profitability of our shareowners' investment. The magnitude of your Company's capital expenditures underscores the vital role Philadelphia Electric plays in the economic development of Southeast Pennsylvania.

The Company has established an enviable record of uninterrupted service over the years. During the blackout which affected the northeastern United States and portions of Canada last November, full service to all customers was maintained. Although the design of our electrical network makes total interruption improbable, detailed plans for system restoration are constantly reviewed to insure their effectiveness in case of emergency.

Testa
Chairman of the Board

R. F. Zilman
President



Highlights

Earnings for Common Stock rose to \$1.92 a share, from \$1.79 in 1964.

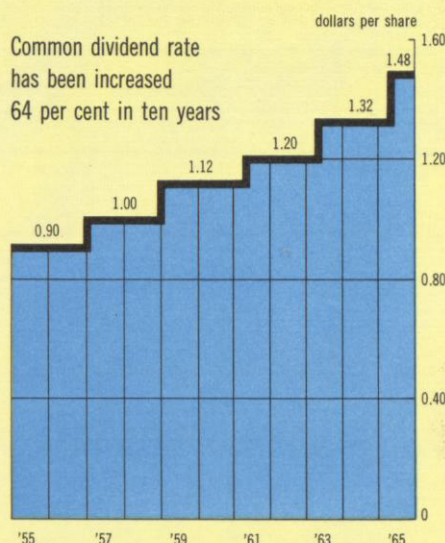
The annual dividend rate on Common Stock was raised to \$1.48 a share, beginning with the June payment.

Revenue increased 5 per cent to a record \$341 million.

Financing needs were met by the sale of \$25 million of Philadelphia Electric Power Company sinking fund debentures.

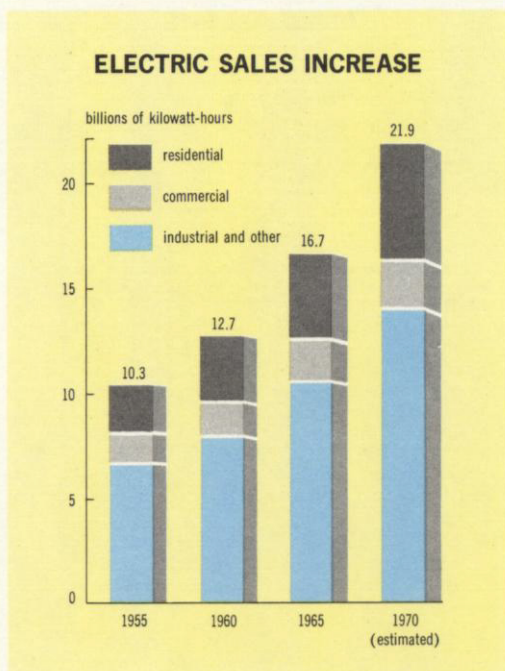
DIVIDENDS RISE

Common dividend rate
has been increased
64 per cent in ten years



The Year at a Glance

	1965	1964	Increase	Per Cent Increase
REVENUE				
Operating Revenue	\$340,880,705	\$323,860,551	\$17,020,154	5.3
Other Income	748,379	503,974	244,405	48.5
	<u>341,629,084</u>	<u>324,364,525</u>	<u>17,264,559</u>	<u>5.3</u>
OPERATING EXPENSES including Maintenance, Depreciation, and Taxes				
	<u>263,285,389</u>	<u>250,344,184</u>	<u>12,941,205</u>	<u>5.2</u>
GROSS INCOME	78,343,695	74,020,341	4,323,354	5.8
INCOME DEDUCTIONS — interest on bonds and other charges against income, less a credit for interest charged to construction				
	<u>21,840,776</u>	<u>21,162,011</u>	<u>678,765</u>	<u>3.2</u>
NET INCOME	56,502,919	52,858,330	3,644,589	6.9
DIVIDENDS ON PREFERRED STOCKS				
	<u>3,695,774</u>	<u>3,695,774</u>	<u>—</u>	<u>—</u>
EARNINGS AVAILABLE FOR COMMON STOCK				
	52,807,145	49,162,556	3,644,589	7.4
DIVIDENDS ON COMMON STOCK	<u>39,614,876</u>	<u>36,313,637</u>	<u>3,301,239</u>	<u>9.1</u>
EARNINGS RETAINED FOR USE IN THE BUSINESS				
	<u>\$13,192,269</u>	<u>\$12,848,919</u>	<u>\$343,350</u>	<u>2.7</u>
SHARES OF COMMON STOCK OUTSTANDING —December 31 ..				
	27,510,331	27,510,331	—	—
EARNINGS PER SHARE —				
December 31.....	\$1.92	\$1.79	0.13	7.3
DIVIDENDS PAID PER SHARE ...	\$1.44	\$1.32	0.12	9.1



Record Revenue

Total revenue from sales of electricity, gas, and steam rose 5 per cent to a record \$341 million. The addition of new customers, greater average use per customer, and favorable business conditions contributed to this increase.

Electric revenue continued its upward trend, rising 6 per cent to a new high of \$274 million on a 7 per cent increase in kilowatt-hour sales. This growth in revenue would have been greater, except for a reduction in rates to large power users, effective in June. These lower rates will aid in attracting new industry to the Company's service area and provide further incentive for industries in this area to expand. Also, the below normal demands of the cooling season reduced revenue from air conditioning and refrigeration loads by approximately \$1 million.

Average annual residential use of electricity increased to 4263 kilowatt-hours from 4002 kilowatt-hours, while the average price of this electricity declined to 2.38 cents per kilowatt-hour from 2.41 cents. In the rapidly growing

suburban areas, average annual residential use rose to 5595 kilowatt-hours, indicative of the steadily increasing variety and utilization of electric appliances in the home. A 6 per cent gain in revenue from large commercial and industrial customers reflected the industrial expansion under way in the Company's service area.

Gas revenue amounted to \$59 million, up from \$57 million in 1964. Colder weather during the heating season, the addition of more than 4800 house-heating customers, and greater commercial, industrial, and direct pipeline sales accounted for this 4 per cent rise.

Steam revenue was up 3 per cent, to \$8 million, as a result of new business added during the year and a heating season colder than normal.

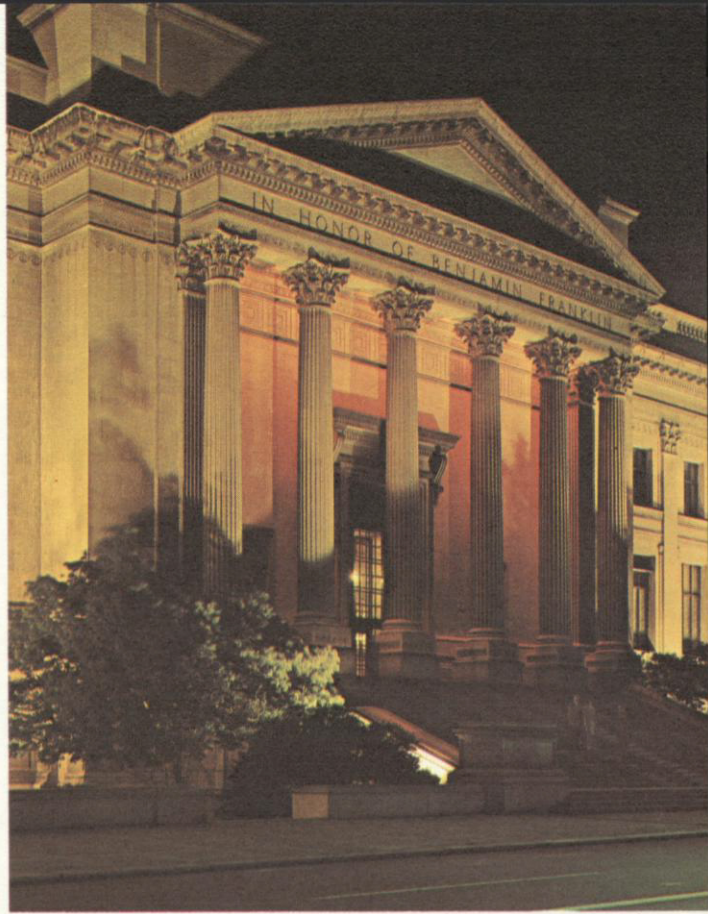
Sales Promotion

Vigorous sales promotion produced a substantial number of new contracts for electricity, gas, and steam. Contracts being negotiated with two major steelmakers for additional electrical energy will add \$3 million of annual revenue when the new loads are installed. A contract to supply power for a new oil refining complex will increase annual revenue by \$2.3 million.

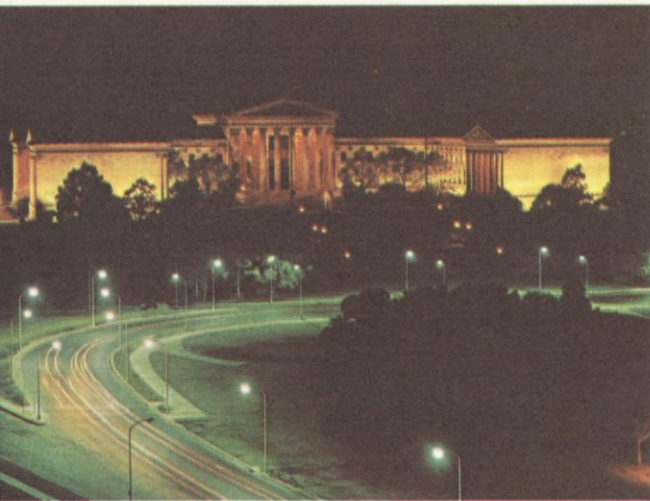
Industrial sales programs promote the total energy concept of utility service, which calls for the exclusive use of P.E. electricity, gas, or steam, or any combination of these services, for all energy applications. The largest industrial facility built in the state in the past ten years was completed in a major Southeast Pennsylvania industrial park in 1965. This huge plant, with nearly one million square feet of floor space, purchases its entire energy requirements from the Company—electricity for manufacturing, lighting, and air conditioning, and gas for space, process, and water heating.



Philadelphia Electric headquarters



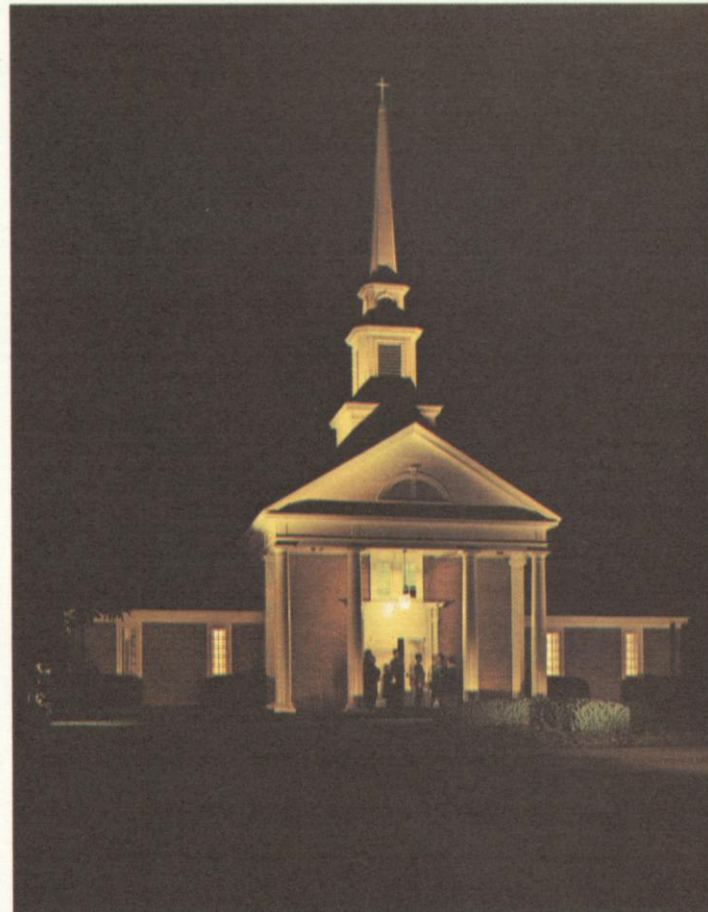
The Franklin Institute



Philadelphia Museum of Art

FLOODLIGHTING

Skillful floodlighting adds new dimensions of beauty to a wide variety of buildings. Night lighting is being used more and more to make shining landmarks of museums, schools, churches, municipal buildings, and places of business.



Memorial Baptist Church, Huntingdon Valley

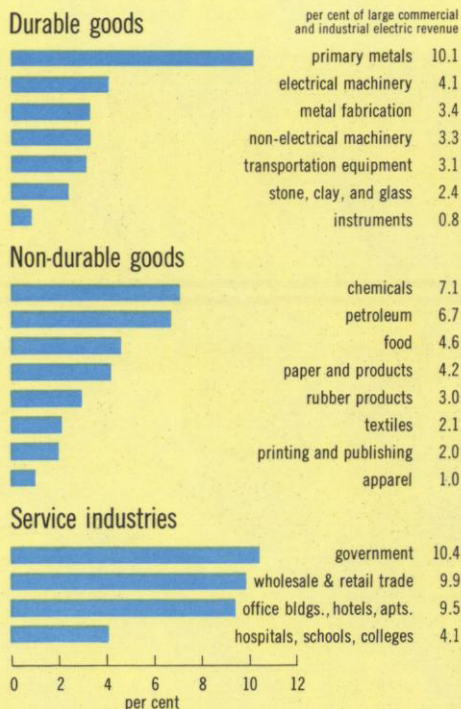
The total energy concept is also being aggressively promoted in the commercial market. Sales to large customers, such as shopping centers, office buildings, apartment houses, schools, hospitals, and other institutions are increasing at an annual rate of better than 7 per cent. The latest high-rise apartment constructed in the vicinity of Philadelphia's Penn

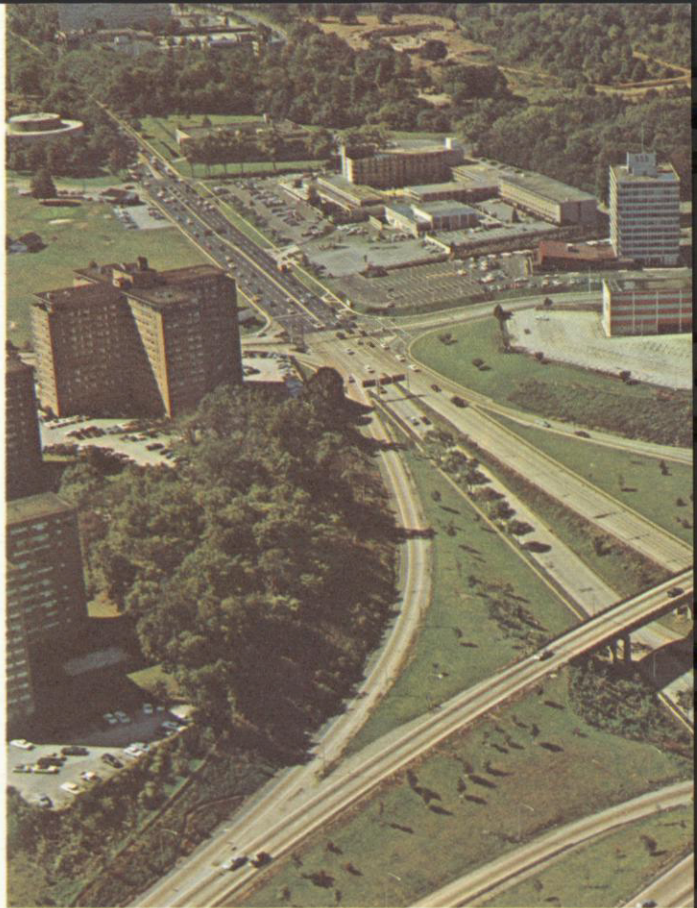
Center will use electricity and steam for all energy requirements.

Ever since the Company made underground electric service more attractive to builders of residential developments and garden type apartments a few years ago, the number of new homes and apartments supplied with underground distribution has shown a marked increase. Approximately half of the new homes built in the Company's service area in 1965 received underground service, while 90 per cent of the garden type apartments were served underground. As an inducement to builders to install combination gas and electric service, the Company is now placing gas and electric supply lines in one trench. The economy of the common trench to the builder has been an added selling point for total energy service, which has led to the greater use of gas in preference to other fuels for space heating, cooking, and water heating in new residential developments in the Company's gas territory.

Philadelphia Electric's area development department actively encourages and helps industries to find new plant locations in Southeast Pennsylvania. It also cooperates with state and local development agencies, real estate brokers, consultants, and developers in promoting this fast-growing area. Presently listed for development are almost 600 industrial sites, aggregating some 30,000 acres of properly zoned land. Nine thousand acres are located in some fifty-one industrial parks. There is great opportunity for growth in Southeast Pennsylvania.

P.E. HAS WIDE DIVERSIFICATION IN ITS LARGE COMMERCIAL AND INDUSTRIAL ELECTRIC SALES





Modern centers for industry, business, and shopping flourish in Southeast Pennsylvania



Operating Expenses

Total operating expenses of \$263 million showed an increase of 5 per cent, in keeping with the higher level of operations.

Labor costs were up, primarily because of a 3.6 per cent general increase in wage rates, effective August 1.

Drought in the Susquehanna River watershed for the fifth successive year reduced hydroelectric production at Conowingo to about two-thirds of the normal output. Replacement of this low-cost power by steam generation and purchases from other utilities resulted in increased operating expenses of \$2.5 million.

The provision for depreciation rose 10 per cent as a result of an increase in the accrual rate for electric plant and the accelerated amortization of older electric and gas production plant scheduled for retirement by the early 1970's.

Total taxes were up only 2 per cent. Although taxable income increased, the effect of this increase was partially offset by the reduction in the federal income tax rate and the adoption of guideline depreciation, which

permits property to be depreciated within shorter periods.

Load Growth

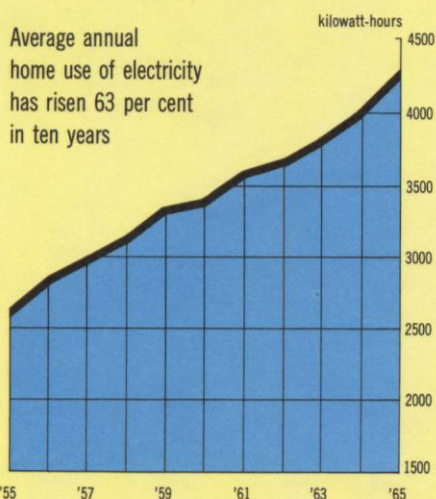
Production of electricity totaled 17.9 billion kilowatt-hours, showing a 7 per cent increase for the year. Steam generating stations produced 85 per cent of the total output, hydroelectric generation at Conowingo supplied 6 per cent, and the remaining 9 per cent came from power interchanges with other utilities and from diesel and gas turbine-generators.

On August 17, as a result of heavy air conditioning and other cooling loads, a record hourly peak demand of 3,366,000 kilowatts was established, which was 7 per cent above the previous year's high.

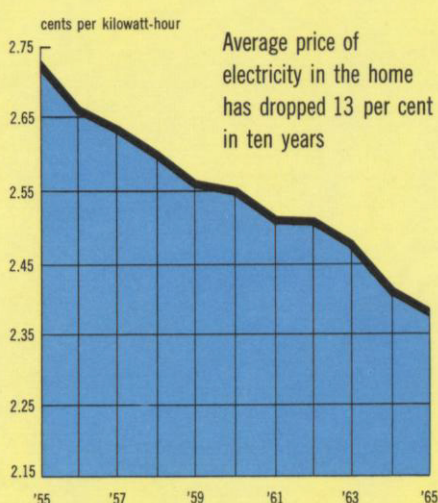
Gas sendout increased 7 per cent to 54 billion cubic feet, while steam production rose 6 per cent to 6.9 billion pounds.

Philadelphia Electric's steam business is the second largest district steam service in the United States. The shutdown of one of the last large private steam heating plants in downtown Philadelphia will increase annual steam revenue by more than \$170,000, beginning in 1966, as customers formerly served by this plant are added to the Company's mains.

USE OF ELECTRICITY UP



PRICE OF ELECTRICITY DOWN





Load dispatcher monitors power supply

Operating Expenses

	<u>1965</u>	<u>1964</u>	<u>Increase</u>	<u>Per Cent Increase</u>
Operating Labor	\$ 73,337,224	\$ 70,370,456	\$2,966,768	4.2
Fuel Used in All Operations, including Net Energy Interchanged	77,065,699	73,345,526	3,720,173	5.1
Other Materials, Supplies, and Services ..	<u>27,123,988</u>	<u>24,978,355</u>	<u>2,145,633</u>	<u>8.6</u>
Total Operation and Maintenance Expense	177,526,911	168,694,337	8,832,574	5.2
Depreciation and Amortization	38,037,082	34,615,337	3,421,745	9.9
Taxes	<u>47,721,396</u>	<u>47,034,510</u>	<u>686,886</u>	<u>1.5</u>
Total Operating Expenses	<u>\$263,285,389</u>	<u>\$250,344,184</u>	<u>\$12,941,205</u>	<u>5.2</u>



Construction proceeds at Keystone plant

Mine-Mouth Power

Construction is rapidly progressing at the Keystone mine-mouth power plant being built by Philadelphia Electric and six other investor-owned utilities in the coal fields northwest of Johnstown, Pennsylvania. The first of two 900,000-kilowatt generating units is scheduled for service early in 1967. The second unit will follow a year later.

Philadelphia Electric has an approximate one-fifth interest in the plant, equivalent to 378,000 kilowatts of the station's capacity. Work is under way on two 500,000-volt transmission lines that will carry the Company's share of Keystone's power to the Philadelphia

area and strengthen interconnections with other companies. Two substations, one near Peach Bottom and the other near Plymouth Meeting, are being constructed by Philadelphia Electric.

The Company plans to participate on the same basis in the ownership of a second mine-mouth plant, the Conemaugh generating station, also to be built in the Johnstown area. Largely a twin of Keystone, this plant will also have two 900,000-kilowatt turbine-generators, the first scheduled for service in 1970, and the second in 1971. Fuel economies at Keystone and Conemaugh will more than offset the cost of the long-distance transmission of power from mine mouth to major load centers in the East.



Muddy Run pumped-storage site

Muddy Run Project

Construction of the Muddy Run pumped-storage hydroelectric plant on the east bank of the Susquehanna River, twelve miles above Conowingo hydro station, is progressing on schedule. Completion of the large earth and rock dam needed to create the upper storage reservoir is planned for December 1966. Powerhouse construction has advanced sufficiently to permit the installation of major equipment.

Muddy Run will have eight combination pump-generators with a total capacity of 800,000 kilowatts. The first two units will be placed in commercial operation by June 1967,

four additional units by the end of 1967, and the remaining two units early in 1968.

Muddy Run will be remotely controlled from the Conowingo hydro plant and, in conjunction with Conowingo, will make maximum use of the water flow in the Susquehanna. At night and on weekends, when demand for electricity is low, water will be pumped from the Susquehanna to the upper reservoir some 400 feet above the powerhouse, using low-cost, off-peak power produced in steam plants elsewhere that would otherwise be running at less than full capacity. When demand for power rises, the water will be released from the reservoir through tunnels to the powerhouse,

where the pump-generators will be reversed to produce electricity more valuable than that previously used to pump the water into the reservoir.

Thus, Muddy Run will operate like a rechargeable storage battery that can be quickly

called on to supply economical power during periods of high demand.

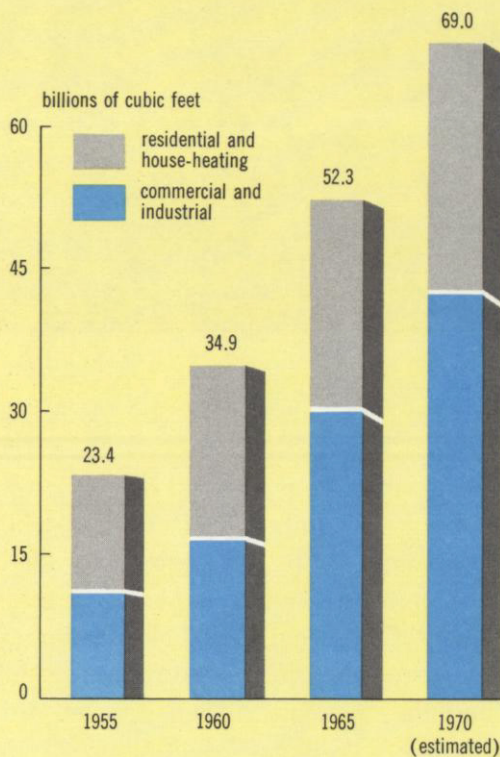
Gas Operations

A new gas system control center was opened at King of Prussia in July to replace headquarters formerly located in downtown Philadelphia. With considerable savings, supervisory and data logging equipment installed at the new center is now being used to control unmanned metering and regulating stations throughout the system.

After more than eight years of research and testing, pipe made of plastic has been approved for use in mains and services. The first installation of several thousand feet was made in 1965. The use of light-weight plastic in place of metal offers considerable savings in initial material and installation costs.

Engineering use of the Company's electronic computer has helped considerably in developing a highly accurate formula for estimating gas sendout to meet customer demand. Because of the tremendous growth in space heating loads in recent years, gas operations have become particularly sensitive to changes in weather. Temperature, wind velocity, and cloud cover are but a few of the variable factors that must be considered in forecasting gas sendout. The computer, with its vast data processing capacity, has proven a useful tool in analyzing the effect of weather conditions and other factors on gas demand.

GAS SALES GROW





Engineering and Research

Many research and development projects are under way to support the Company's constant quest for new techniques and efficiencies in supplying high-quality energy service. Particular attention is being devoted to problems in the field of extra-high-voltage transmission.

The rapidly increasing need for transmitting great amounts of power through congested urban and suburban areas emphasizes the necessity for developing underground transmission lines of high capability. The difficulty of dissipating heat from underground cable presents major problems in transmitting power at voltages above 138,000 volts, presently the highest voltage for underground transmission on the Philadelphia Electric System. The application of cooling devices or refrigerants to underground cable appears to have attractive possibilities. Preliminary engineering studies in this direction are currently in progress.

A unique research laboratory, specifically designed to determine how direct current and alternating current lines will perform when interconnected to transmit power at extra-high-voltage, is now in operation on the



P.E. testing laboratory





port creative research



campus of the University of Pennsylvania. The building, equipment, and personnel for this \$2-million project were supplied by leading investor-owned utilities, with sponsorship by the Edison Electric Institute, and in accordance with plans developed under the engineering leadership of Philadelphia Electric. At the conclusion of the project, the laboratory and equipment will be made available to the faculties and students of the University of Pennsylvania, Drexel Institute of Technology, and other engineering schools.

A new program to convert portions of the Company's electric distribution system from 4000 volts to 13,000 volts was undertaken in 1965. Higher voltage promises long-range economies. A transformation step is eliminated and the capacity of existing substations is increased. Conversion to higher voltage is desirable because of continued heavy load growth and the high cost and difficulty of obtaining new substation sites. In conjunction with the conversion program, the appearance of overhead facilities is being improved with the installation of modern sky-blue-gray transformers and line equipment.

Atomic Energy

Construction of the Peach Bottom atomic power plant was substantially completed during 1965. Following an extensive test program to assure proper operation of all plant equipment and systems, a license for initial operation up to 1000 kilowatts of thermal power was issued by the Atomic Energy Commission in January 1966. After fuel loading, nuclear start-up and testing at low power are expected to extend over a period of four or five months.

Fifty-two investor-owned utilities have joined with Philadelphia Electric in the Peach Bottom project. The Atomic Energy Commission has assisted in research and development work on the nuclear reactor system. Philadelphia Electric will own and operate the plant.



Peach Bottom fueling team at work in reactor building

The advanced design of the Peach Bottom helium-cooled reactor and nuclear steam supply system will make this station the world's first commercial atomic plant capable of producing steam to drive a turbine-generator unit at modern high temperature and pressure conditions. Although Peach Bottom will have a capacity of only 40,000 kilowatts, its reactor concept holds great potential for reducing power production costs. As a prototype, the plant's operation will provide technical data needed to build economical nuclear power plants of this type in larger size.

The Company has been actively engaged with other utilities in contributing substantial technical and financial assistance for the design and construction of the Enrico Fermi atomic power plant at Monroe, Michigan. The Fermi reactor system utilizes liquid sodium to remove the heat resulting from the fission process and has the capability of producing more fissionable material than it consumes in producing electrical energy. The plant began operation at low power levels in August 1963, and in December 1965, the Atomic Energy Commission issued a license for operation up to 200,000 kilowatts of thermal power.

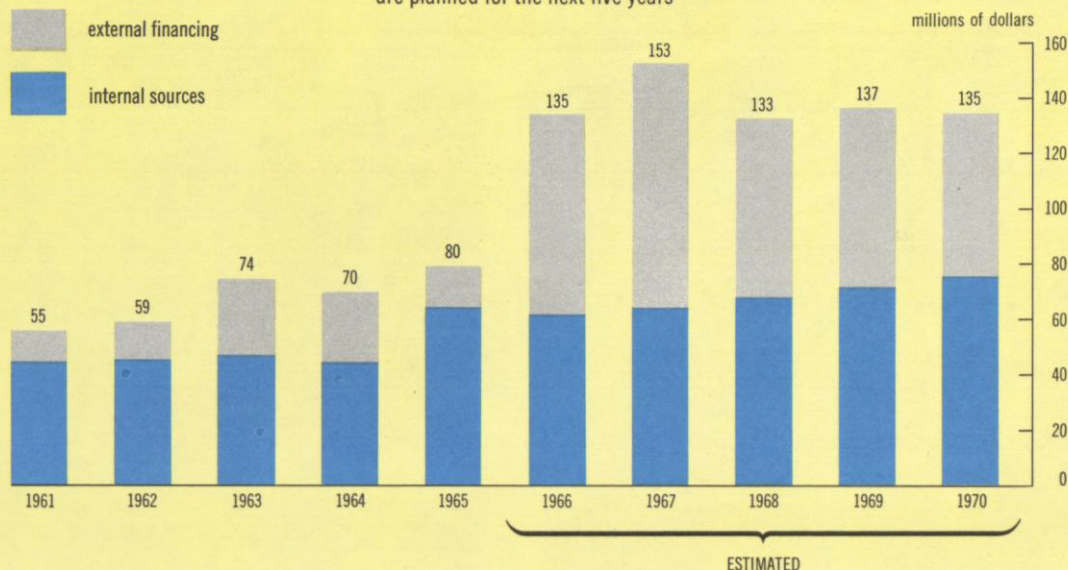
Plant Expansion

The Company's long-range construction program calls for a continuation of substantial outlays for expansion and improvements to accommodate steadily increasing demands for electricity, gas, and steam. In 1966, expenditures of \$135 million are planned. Over the next five years, 1966-1970, investment in new plant and facilities will amount to an estimated \$693 million.

Construction expenditures in 1965 totaled \$80 million. Of this amount, \$66 million cov-

P.E. BUILDS FOR THE FUTURE

Service requirements called for plant additions of \$338,000,000 in the past five years. Additional outlays of \$693,000,000 are planned for the next five years



ered additions to the electric transmission and distribution system, as well as outlays for the Muddy Run pumped-storage project and the Company's share in the construction of the Keystone mine-mouth plant. Gas system expenditures of \$10 million provided for further improvements to the distribution system and additional facilities to serve new customers.

Financing

Depreciation accruals and retained earnings provided more than 60 per cent of the funds needed for construction in 1965. The remainder came from bank loans and the sale of \$25 million of twenty-five-year sinking fund debentures by Philadelphia Electric Power Company, a wholly owned P.E. subsidiary. Proceeds

from the debenture issue supplied permanent financing for the four new generating units installed at the Conowingo hydroelectric plant in 1964.

In 1966, depreciation accruals and retained earnings will furnish about half of the funds needed for the Company's construction program. The remainder will be provided by the sale of \$60 million of bonds, bank loans, and the offer of a limited number of common shares to employees. An issue of Common Stock is tentatively scheduled for 1967.

Over the next five years, about 45 per cent of the funds needed for expansion will come from internal sources. The rest will be obtained from bank loans and the sale of bonds and stock as required.



Computer center serves many Company departments

Stock Ownership

Today more individuals and institutions own P.E. Common and Preferred Stocks than ever before. While share ownership is widely distributed throughout the United States and foreign countries, a large degree of local ownership prevails. About half of the Company's shareholders live within the P.E. service area.

A substantial majority of the 102,089 common stockholders are individuals, and more than half of these are women. Over 60 per cent of all P.E. employees now own Company stock, many having become stockholders through participation in employee stock purchase plans offered in recent years.

Stockholder accounting and the preparation of dividend checks and proxies were converted in 1965 to the Company's versatile electronic data processing system.

Stockholders

COMMON STOCKHOLDERS	Number	Shares	Average Holding
Women	45,586	7,020,196	154
Men	24,460	3,983,128	163
Joint Accounts	21,453	2,554,837	119
Total Individual Owners.	91,499	13,558,161	148
Trust Funds, Trustees, and Estates	8,531	11,090,107	1,300
Corporations, Partnerships, and Insurance Companies	1,186	2,423,371	2,043
Charitable Institutions, Hospitals, Churches, etc.	873	438,692	503
Total Institutions and Funds	10,590	13,952,170	1,317
Total Common Stockholders	102,089	27,510,331	269
PREFERRED STOCKHOLDERS ..	7,430	874,720	118
TOTAL STOCKHOLDERS	109,519		



School is never out for customers service employees

Management and Personnel

Robert F. Gilkeson, executive vice-president, was elected president to succeed H. Nedwill Ramsey, who retired September 1 after forty-five years of service with Philadelphia Electric and affiliated companies. The position of executive vice-president was not filled.

Mr. Ramsey's untimely death on January 19, 1966, brought to a close an outstanding career in the utility industry. He was elected vice-president of purchasing, real estate, and insurance in 1948 and eight years later became executive vice-president. He was elected president in 1962 and had been a director and member of the executive committee for ten years at the time of his death. The benefit of his wide experience and judgment will be greatly missed.

Mr. Gilkeson joined the Company in 1939 as a junior engineer following his graduation from Cornell University. After a two-year leave of absence to join the atomic power division of Westinghouse Electric Corporation in the development and construction of the atomic power plant for the U.S. submarine Nautilus, he was named assistant to the superintendent of generating stations in 1953, and three years later became superintendent of Eddystone station. In 1960, he was made manager of the engineering and research department, and a year later was named vice-president in charge of engineering and research. He was elected executive vice-president and a member of the board of directors in 1962.

Roy G. Rincliffe, chairman of the board, continues as chief executive officer.

Low Taxes!

Balmy state tax climate in Pennsylvania. Industry contributes only 21 per cent of state income through taxes . . . down in just a few years from 46 per cent. Likewise halved: minimum levy for unemployment compensation.

Wide Markets!

A 100-mile circle around Philadelphia encloses 25 million people who earn \$40 billion yearly. A built-in market. There is the Boston to Richmond megalopolis with Southeast Pennsylvania at the center.

100% Financing!

Up to 100 per cent financing possible in Southeast Pennsylvania. You will never hear a better proposition than that. Plenty of plant sites and buildings available. Helping you find one is our job. Just like providing all the power you need.

Southeast Pennsylvania has it!



Check Us and See

PHILADELPHIA ELECTRIC COMPANY

An investor-owned company with more than 100,000 stockholders
... serving the world's greatest industrial area

*National advertisement
promoting P.E. service area*



*Young visitors at Peach Bottom
atomic information center*

On July 16, Edward J. Dwyer resigned as a director. His resignation was accepted by the board with regret.

Attractive working conditions, constantly improved, make Philadelphia Electric a good place to work. Capable and loyal employees, 9200 of them, constitute a fine service organization of high morale. More than 2000 P.E. men and women are proud of employment with the Company extending over twenty-five years or more.

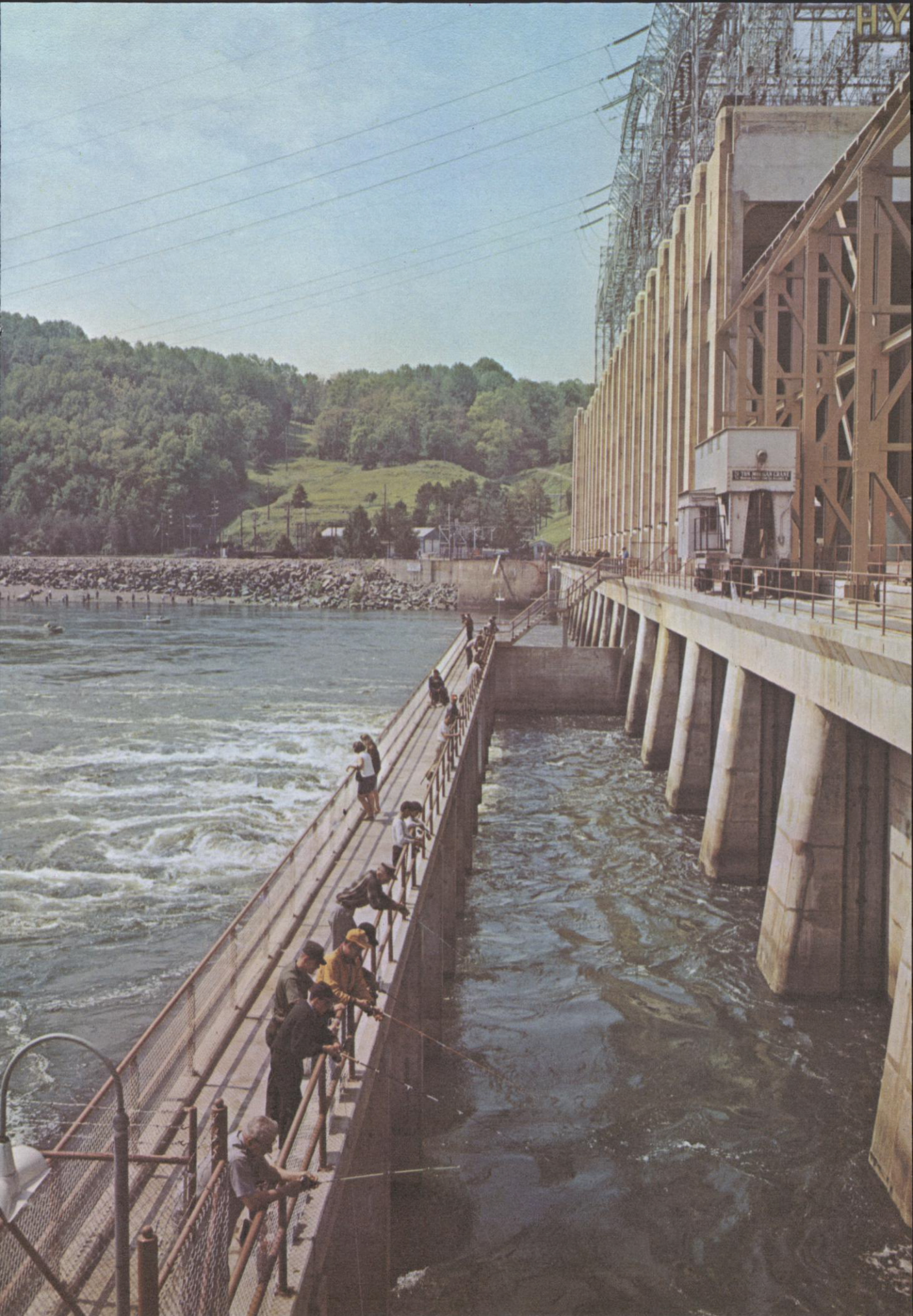
Public Relations

With friendly, dependable service at reasonable rates its key objective, Philadelphia Electric has achieved a high degree of customer confidence over the years. Its consistent support of projects devoted to civic growth and progress has also contributed to the position of respect it occupies in the communities it serves.

Good public relations are fostered by good communications. To keep customers and the general public aware of operating improvements, new facilities, and the usefulness of the Company's services, a continuing series of advertisements is published in a wide range of local newspapers and magazines. A new national advertising campaign was initiated in 1965 to attract new business and industry to Southeast Pennsylvania. "Southeast Pennsylvania Has It!" is the theme of this campaign, which emphasizes the advantages of locating or expanding plant facilities in the Company's service area.

Plant visits by school teachers, students, and others are another effective means of developing better public understanding of Company operations. More than 175,000 visitors have come to the popular atomic information center opened in 1963 at the site of the Peach Bottom atomic power plant. The center's colorful displays, illustrated talks, and motion pictures relating to the peaceful use of the atom have

Conowingo hydroelectric plant is a popular spot for fishermen



proven to be of great educational value.

Recognizing growing public interest in outdoor recreation, the Company encourages recreational use of the Conowingo reservoir. Thousands of sportsmen visit this area each year to fish, either from boats, or from the platform which now extends the entire length of the downstream side of the powerhouse.

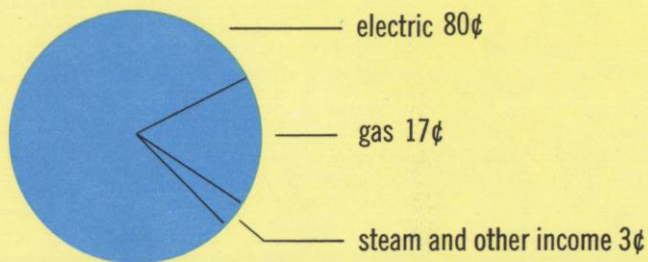
The Muddy Run pumped-storage site, upstream from Conowingo, offers many new possibilities for recreation. A second dam, at the northeastern end of the upper Muddy Run reservoir, will create a constant-level lake of nearly 100 acres, which the Company plans to open to the public. A 500-acre wildlife

refuge will be developed in cooperation with the Pennsylvania Game Commission. As a good corporate citizen, the Company is glad to play a part in the development and conservation of the beautiful Susquehanna River valley.

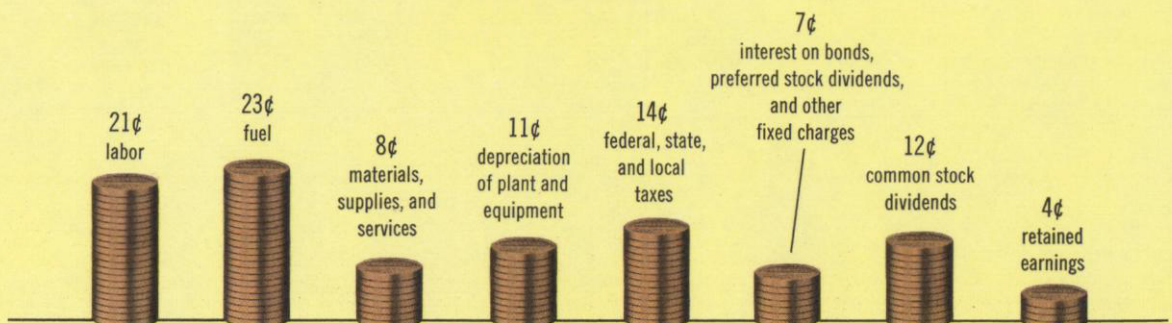
In the interest of stockholders, the Company joins other investor-owned utilities in firmly opposing federal encroachment in the power business. Not only does the extension of public power threaten the investment of millions of the nation's investors, it constitutes an unnecessary expenditure of tax money where investor-owned power companies are already operating with remarkable economy and general public approval.

PHILADELPHIA ELECTRIC'S REVENUE DOLLAR

Where it came from



Where it went





Consolidated Statement of Income

For the Year Ended December 31

	1965	1964
OPERATING REVENUE		
Electric	\$274,115,740	\$259,635,253
Gas	58,941,883	56,658,955
Steam	7,823,082	7,566,343
Total Operating Revenue	<u>340,880,705</u>	<u>323,860,551</u>
OPERATING EXPENSES		
Operation	147,811,288	140,842,849
Maintenance	29,715,623	27,851,488
Total Operation and Maintenance	<u>177,526,911</u>	<u>168,694,337</u>
Provision for Depreciation and Amortization ..	<u>38,037,082</u>	<u>34,615,337</u>
Provision for Taxes		
Federal Income Taxes	32,598,179	32,098,581
State Income Taxes	4,068,582	3,953,338
Income Taxes Deferred in Prior Years	(817,774)	(817,774)
Investment Tax Credit Adjustments	1,255,634	1,802,577
Taxes, Other than Income	10,616,775	9,997,788
Total Provision for Taxes	<u>47,721,396</u>	<u>47,034,510</u>
Total Operating Expenses	<u>263,285,389</u>	<u>250,344,184</u>
OPERATING INCOME	77,595,316	73,516,367
OTHER INCOME	<u>748,379</u>	<u>503,974</u>
GROSS INCOME	<u>78,343,695</u>	<u>74,020,341</u>
INCOME DEDUCTIONS		
Interest on Long-Term Debt	22,257,112	20,642,909
Interest on Bank Loans	269,125	1,076,208
Other Deductions	846,782	738,939
Interest Charged to Construction	(1,532,243)	(1,296,045)
Total Income Deductions	<u>21,840,776</u>	<u>21,162,011</u>
NET INCOME	<u>\$ 56,502,919</u>	<u>\$ 52,858,330</u>

The accompanying Notes and Schedules to Financial Statements are an integral part of this statement.



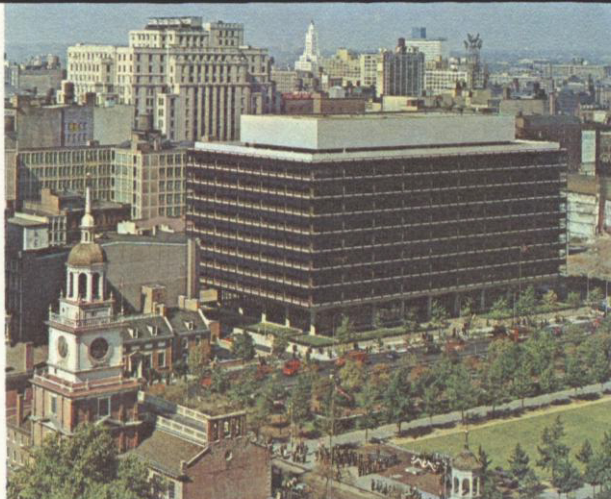
Philadelphia Electric Company and Subsidiary Companies

Assets

	<u>December 31</u>	
	<u>1965</u>	<u>1964</u>
UTILITY PLANT		
Plant, at original cost		
Electric	\$1,315,597,309	\$1,260,516,698
Gas	164,713,417	158,181,543
Steam	27,661,786	27,274,594
Common, used in all services	45,419,071	43,655,834
	<u>1,553,391,583</u>	<u>1,489,628,669</u>
Less: Accumulated Provision for Depreciation	<u>402,505,598</u>	<u>379,242,036</u>
	<u>1,150,885,985</u>	<u>1,110,386,633</u>
INVESTMENTS		
Nonutility Property	1,016,135	1,106,890
Other Investments, at cost	<u>1,788,490</u>	<u>1,613,403</u>
	<u>2,804,625</u>	<u>2,720,293</u>
CURRENT ASSETS		
Cash	10,762,107	9,308,325
Special Deposits	3,475,778	3,443,625
Temporary Cash Investments	1,720,373	4,981,115
Accounts Receivable		
Utility Customers	21,116,125	18,865,324
Merchandising and Jobbing	6,870,165	6,095,458
Antitrust Price Adjustments	10,938,117	18,000,000
Other	1,033,122	441,085
Materials and Supplies, at average cost		
Operating and Construction	12,359,360	11,772,385
Fuel	8,133,889	7,485,818
Merchandise for Sale	912,672	1,026,555
Prepayments	<u>1,687,296</u>	<u>1,614,410</u>
	<u>79,009,004</u>	<u>83,034,100</u>
DEFERRED DEBITS		
Unamortized Debt Discount and Expense	2,389,294	2,237,691
Cost of Conversion of Gas Appliances	1,500,100	1,678,446
(Being amortized over periods ending in 1967 and 1973)		
Other	<u>1,049,262</u>	<u>3,984,870</u>
	<u>4,938,656</u>	<u>7,901,007</u>
TOTAL	<u>\$1,237,638,270</u>	<u>\$1,204,042,033</u>

The accompanying Notes and Schedules to Financial

Consolidated Balance Sheet



Liabilities

	December 31	
	1965	1964
CAPITALIZATION		
Stockholders' Equity		
Preferred Stock—See Schedule, page 29	\$ 87,472,000	\$ 87,472,000
Premium on Preferred Stock	1,213,910	1,213,910
Common Stock—See Schedule, page 29	256,258,278	256,258,278
Earnings Retained for Use in the Business . .	182,573,786	169,381,517
	<u>527,517,974</u>	<u>514,325,705</u>
Long-Term Debt—See Schedule, page 29	612,925,000	590,173,000
	<u>1,140,442,974</u>	<u>1,104,498,705</u>
CURRENT LIABILITIES		
Long-Term Debt, due within one year	987,000	1,072,000
Bank Loans	10,450,000	19,550,000
Accounts Payable	16,355,771	14,169,910
Customers' Deposits	2,369,311	2,233,386
Taxes Accrued		
Federal Income	15,539,959	13,119,024
Other	3,449,027	2,912,758
Interest Accrued	5,373,388	5,061,413
Dividends Declared	2,334,205	2,439,045
Tax Collections Payable	3,074,973	2,908,669
Other	204,010	170,805
	<u>60,137,644</u>	<u>63,637,010</u>
DEFERRED CREDITS		
Unamortized Premium on Debt	280,434	319,795
Accumulated Deferred Income Taxes	17,163,477	17,981,251
Accumulated Deferred Investment Tax Credits	5,441,611	4,185,977
Other	740,384	735,260
	<u>23,625,906</u>	<u>23,222,283</u>
OPERATING RESERVES	<u>3,230,269</u>	<u>2,960,974</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>10,201,477</u>	<u>9,723,061</u>
TOTAL	<u>\$1,237,638,270</u>	<u>\$1,204,042,033</u>

Statements are an integral part of this statement.

Consolidated Statement of Earnings Retained for Use in the Business

	For the Year Ended December 31	
	1965	1964
BALANCE, JANUARY 1	\$169,381,517	\$156,532,598
ADD—Net Income	56,502,919	52,858,330
	<u>225,884,436</u>	<u>209,390,928</u>
DEDUCT		
Cash Dividends Declared		
\$4.68 per share on 4.68% Preferred Stock ...	702,000	702,000
\$4.40 per share on 4.4% Preferred Stock	1,208,768	1,208,768
\$4.30 per share on 4.3% Preferred Stock	645,006	645,006
\$3.80 per share on 3.8% Preferred Stock	1,140,000	1,140,000
\$1.44 per share in 1965 and \$1.32 per share in 1964 on Common Stock	39,614,876	36,313,637
	<u>43,310,650</u>	<u>40,009,411</u>
BALANCE, DECEMBER 31	<u>\$182,573,786</u>	<u>\$169,381,517</u>

The accompanying Notes and Schedules to Financial Statements are an integral part of this statement.

Lybrand, Ross Bros. & Montgomery

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors,
Philadelphia Electric Company,
Philadelphia, Pennsylvania.

We have examined the consolidated balance sheet of Philadelphia Electric Company and Subsidiary Companies as of December 31, 1965, and the related statements of income and earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of the companies for the year 1964.

In our opinion, the accompanying consolidated balance sheet and statements of income and earnings retained for use in the business present fairly the financial position of Philadelphia Electric Company and Subsidiary Companies at December 31, 1965 and 1964, and the results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

Philadelphia, Pennsylvania,
February 4, 1966.

Schedule of Preferred and Common Stock December 31, 1965

	Number of Shares		
	Authorized	Outstanding	Amount
PHILADELPHIA ELECTRIC COMPANY			
Preferred Stock (\$100 par) cumulative			
4.68% Series	150,000	150,000	\$ 15,000,000
4.4% Series	500,000	274,720	27,472,000
4.3% Series	150,000	150,000	15,000,000
3.8% Series	300,000	300,000	30,000,000
Unclassified	400,000	—	—
Total Preferred Stock	1,500,000	874,720	\$ 87,472,000
Common Stock—no par	40,000,000	27,510,331	\$256,258,278

Schedule of Long-Term Debt December 31, 1965

PHILADELPHIA ELECTRIC COMPANY

First and Refunding Mortgage Bonds

2¾ % Series due 1967	\$ 65,000,000
2¾ % Series due 1971	20,000,000
2¾ % Series due 1974	65,000,000
2⅞ % Series due 1978	25,000,000
2¾ % Series due 1981	30,000,000
3¼ % Series due 1982	35,000,000
3⅞ % Series due 1983	20,000,000
3⅞ % Series due 1985	50,000,000
4⅜ % Series due 1986	50,000,000
4⅝ % Series due 1987	40,000,000
3¾ % Series due 1988	40,000,000
5% Series due 1989	50,000,000
4½ % Series due 1994	50,000,000
	<u>540,000,000</u>

Sinking Fund Debentures

4.85% Series due 1986	36,000,000
(Excludes \$800,000 due within one year, shown under current liabilities)	
Total Philadelphia Electric Company	<u>576,000,000</u>

PHILADELPHIA ELECTRIC POWER COMPANY—

A WHOLLY OWNED SUBSIDIARY

First Mortgage Bonds, 2⅝ % Series due 1975	11,925,000
(Excludes \$187,000 due within one year, shown under current liabilities)	
Sinking Fund Debentures, 4½ % due 1995	25,000,000
Total Long-Term Debt	<u>\$612,925,000</u>

Notes to Financial Statements

1. DEPRECIATION

Shorter property lives, as provided for in the Internal Revenue Service "Depreciation Guidelines," were adopted in computing depreciation for federal and state income tax accruals for 1965. The resulting decrease in income taxes was substantially offset by additional book depreciation to provide for planned retirements of selected older equipment, principally in electric generating and gas production plants.

The Company is continuing the use of straight-line depreciation for book purposes and liberalized depreciation for income tax purposes, resulting in reduced taxes of \$6,077,438 for 1965 and \$5,927,934 for 1964, which flow through to net income in accordance with regulatory commission treatment for rate-making purposes.

2. INVESTMENT TAX CREDIT

Federal income tax expense reflects reductions of \$1,431,200 for 1965 and \$2,037,600 for 1964 on account of investment tax credits on new plant placed in service during these years. Such tax savings are spread over the composite service life of the related property, by making charges to income

equivalent to the tax reductions and accumulating such amounts in a deferred account, which is subsequently amortized by credits to income. The total investment tax credits realized to date aggregate \$5,852,200, of which \$175,566 was credited to income in 1965 and \$235,023 in 1964. These charges and credits to income are reflected in "Investment Tax Credit Adjustments," and the deferred balance is reflected in "Accumulated Deferred Investment Tax Credits."

3. ACCUMULATED DEFERRED INCOME TAXES

This item represents the balance of income taxes deferred on property subject to five-year amortization pursuant to certificates of necessity, which is being credited to income over the remaining life of the related property at the rate of \$817,774 per year.

4. ANTITRUST PRICE ADJUSTMENTS

The balance of \$10,938,117 receivable under out-of-court settlements effected in 1964 and 1965 of antitrust suits includes \$2,783,117 receivable in 1966 and \$8,155,000 receivable during the three years, 1967-69.

Fiscal Agents for Stocks and Bonds

PHILADELPHIA ELECTRIC COMPANY

Preferred and Common Stocks

Registrars

GIRARD TRUST BANK
Broad & Chestnut Streets, Philadelphia, Pa. 19101
CHEMICAL BANK NEW YORK TRUST CO.
20 Pine Street, New York, N.Y. 10015

Transfer Agents

PHILADELPHIA ELECTRIC COMPANY
1000 Chestnut Street, Philadelphia, Pa. 19105
MORGAN GUARANTY TRUST CO. of N.Y.
30 West Broadway, New York, N.Y. 10015

PHILADELPHIA ELECTRIC COMPANY—First and Refunding Mortgage Bonds PHILADELPHIA ELECTRIC POWER COMPANY (A Subsidiary)—First Mortgage Bonds

Trustee

FIDELITY-PHILADELPHIA TRUST CO.
Broad & Walnut Streets, Philadelphia, Pa. 19109

New York Agent

MORGAN GUARANTY TRUST CO. of N.Y.
23 Wall Street, New York, N.Y. 10015

PHILADELPHIA ELECTRIC COMPANY—Sinking Fund Debentures PHILADELPHIA ELECTRIC POWER COMPANY (A Subsidiary)—Sinking Fund Debentures

Trustee

THE PHILADELPHIA NATIONAL BANK
Broad & Chestnut Streets, Philadelphia, Pa. 19101

New York Agent

IRVING TRUST COMPANY
One Wall Street, New York, N.Y. 10015

All Philadelphia Electric Company securities, except the Sinking Fund Debentures, which were sold privately to institutional investors, are listed on the Philadelphia-Baltimore-Washington Stock Exchange and the New York Stock Exchange. Philadelphia Electric Power Company bonds and debentures are listed on the Philadelphia-Baltimore-Washington Stock Exchange.

Financial Statistics

SUMMARY OF EARNINGS (MILLIONS OF DOLLARS)

	1965	1964	1963	1962	1961	1960	1955
Operating Revenue (for details see page 32) . . .	\$340.9	\$323.8	\$314.4	\$303.2	\$292.3	\$276.0	\$211.6
Operating Expenses							
Labor	73.3	70.4	67.5	63.4	60.5	57.4	41.3
Fuel	77.1	73.3	72.2	70.3	67.3	64.4	47.5
Other Materials, Supplies, and Services	27.1	25.0	24.4	21.4	21.1	18.9	15.8
Total Operating and Maintenance	177.5	168.7	164.1	155.1	148.9	140.7	104.6
Depreciation and Amortization	38.1	34.6	33.6	33.7	33.0	34.9	23.9
Taxes, including Provision for Deferred Taxes	47.7	47.0	47.7	47.7	45.2	43.9	41.7
Total Operating Expenses	263.3	250.3	245.4	236.5	227.1	219.5	170.2
Operating Income	77.6	73.5	69.0	66.7	65.2	56.5	41.5
Other Income	0.7	0.5	0.7	0.5	0.3	0.4	—
Gross Income	78.3	74.0	69.7	67.2	65.5	56.9	41.5
Income Deductions							
Long-Term Debt Charges	22.4	20.8	19.5	19.6	18.0	17.7	9.7
Interest on Bank Loans	0.2	1.1	0.8	0.1	0.8	0.2	—
Other	0.7	0.6	0.7	0.6	0.8	0.6	0.5
Interest Charged to Construction	(1.5)	(1.3)	(1.5)	(0.7)	(0.7)	(3.9)	(1.9)
Total Income Deductions	21.8	21.2	19.5	19.6	18.9	14.6	8.3
Net Income	56.5	52.8	50.2	47.6	46.6	42.3	33.2
Dividends on Preferred and \$1 Dividend							
Preference Common Stocks	3.7	3.7	3.7	3.7	3.8	3.9	4.0
Earnings for Common Stock	52.8	49.1	46.5	43.9	42.8	38.4	29.2
Dividends on Common Stock	39.6	36.3	35.2	32.7	32.1	30.2	21.7
Earnings Retained for Use in the Business	\$13.2	\$12.8	\$11.3	\$11.2	\$10.7	\$ 8.2	\$ 7.5
Earnings per Share (dollars)	\$1.92	\$1.79	\$1.69	\$1.61	\$1.57	\$1.42*	\$1.20*

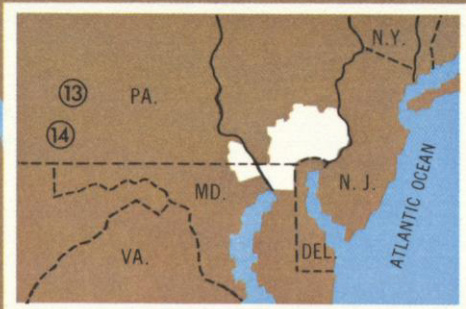
SUMMARY OF FINANCIAL CONDITION—DECEMBER 31 (MILLIONS OF DOLLARS)

ASSETS AND OTHER DEBITS							
Utility Plant, at Original Cost	\$1,553.4	\$1,489.6	\$1,445.9	\$1,383.3	\$1,333.8	\$1,289.8	\$864.0
Less: Accumulated Provision for Depreciation . .	402.5	379.2	355.2	333.2	309.2	287.7	174.6
Total Utility Plant, less Reserve	1,150.9	1,110.4	1,090.7	1,050.1	1,024.6	1,002.1	690.0
Plant Acquisition Adjustments	—	—	—	—	—	—	3.7
Other Property and Investments	2.8	2.7	2.1	2.2	2.4	2.4	3.3
Current and Accrued Assets							
Cash	10.8	9.3	12.3	11.2	13.2	16.6	28.6
Accounts Receivable	39.9	43.3	24.8	26.6	25.2	23.0	16.4
Materials and Supplies	21.4	20.3	21.2	22.6	21.9	21.4	14.9
Temporary Cash Investments	1.7	5.0	—	—	—	—	4.0
Other	5.2	5.1	6.0	6.0	5.2	5.3	3.9
Deferred Debits	4.9	7.9	5.2	4.6	4.0	4.0	3.3
Total Assets and Other Debits	\$1,237.6	\$1,204.0	\$1,162.3	\$1,123.3	\$1,096.5	\$1,074.8	\$768.1
LIABILITIES AND OTHER CREDITS							
Preferred Stock, including Premium	\$88.7	\$88.7	\$88.7	\$88.7	\$88.7	\$88.7	\$88.7
Common Stock	256.3	256.3	256.3	248.3	248.3	248.3	194.3
Earnings Retained for Use in the Business . . .	182.5	169.3	156.5	145.2	134.0	123.3	78.4
Total Stockholders' Equity	527.5	514.3	501.5	482.2	471.0	460.3	361.4
Long-Term Debt	612.9	590.2	542.4	544.7	546.9	509.2	339.2
Current and Accrued Liabilities							
Bank Loans	10.5	19.6	38.3	14.9	1.0	24.0	—
Taxes Accrued	19.0	16.0	19.7	21.8	20.6	22.5	34.7
Other	30.7	28.0	26.3	26.5	25.1	26.5	15.8
Deferred Credits	23.6	23.2	22.3	21.9	21.4	22.2	9.1
Operating Reserves	3.2	3.0	2.7	2.6	2.4	2.2	1.5
Contributions in Aid of Construction	10.2	9.7	9.1	8.7	8.1	7.9	6.4
Total Liabilities and Other Credits	\$1,237.6	\$1,204.0	\$1,162.3	\$1,123.3	\$1,096.5	\$1,074.8	\$768.1

*Restated to reflect two-for-one stock split in 1961.

Operating Statistics

	1965	1964	1963	1962	1961	1960	1955
ELECTRIC OPERATIONS							
Output (millions of kilowatt-hours)							
Generated in System Plants							
Steam	15,133	14,263	13,511	13,614	13,140	12,196	9,484
Hydro-Conowingo	1,117	1,088	945	1,120	1,104	1,327	1,332
Internal Combustion	6	3	3	2	4	2	—
Purchased and Net Interchange	1,606	1,341	1,202	201	79	98	342
Total Electric Output	17,862	16,695	15,661	14,937	14,327	13,623	11,158
Sales (millions of kilowatt-hours)							
Residential	4,168	3,847	3,613	3,405	3,298	3,057	2,160
Small Commercial and Industrial	2,003	1,912	1,823	1,781	1,752	1,684	1,398
Large Commercial and Industrial	9,470	8,749	8,143	7,635	7,235	6,882	5,502
All Other	1,097	1,087	1,068	1,081	1,047	1,043	1,213
Total Electric Sales	16,738	15,595	14,647	13,902	13,332	12,666	10,273
Number of Customers, Dec. 31 (thousands)							
Residential	986	969	954	940	926	913	837
Small Commercial and Industrial	149	150	151	152	153	154	155
Large Commercial and Industrial	5	4	4	4	4	4	3
All Other	2	2	2	2	2	2	1
Total Electric Customers	1,142	1,125	1,111	1,098	1,085	1,073	996
Operating Revenue (millions of dollars)							
Residential	\$ 99.1	\$ 92.7	\$ 89.5	\$ 85.3	\$ 82.9	\$ 77.9	\$ 58.8
Small Commercial and Industrial	51.7	49.6	49.2	48.8	48.0	46.4	38.7
Large Commercial and Industrial	103.5	98.0	94.5	91.1	86.8	82.2	61.9
All Other	19.8	19.3	19.0	19.3	18.7	17.9	16.6
Total Electric Revenue	\$274.1	\$259.6	\$252.2	\$244.5	\$236.4	\$224.4	\$176.0
Residential Sales							
Average Use per Customer (kilowatt-hours)	4,263	4,002	3,815	3,649	3,590	3,373	2,619
Average Revenue per Kilowatt-hour	2.38¢	2.41¢	2.48¢	2.51¢	2.51¢	2.55¢	2.72¢
Electric Peak Load							
Net Hourly Demand (thousand kw.)	3,366	3,134	2,926	2,721	2,702	2,511	2,116
Net Electric Generating Capability (thous. kw.)	3,663	3,669	3,410	3,410	3,410	3,292	2,440
Average Cost of Fuel per Ton	\$8.06	\$8.11	\$8.58	\$9.48	\$9.61	\$9.55	\$8.77
Btu per Net Kilowatt-hour Generated	10,397	10,409	10,428	10,149	10,311	10,575	11,554
GAS OPERATIONS							
Sales (millions of cubic feet—natural gas)							
Residential	2,233	2,297	2,313	2,252	2,235	2,192	2,074
House-Heating	19,642	19,221	18,936	18,218	17,102	15,851	10,183
Commercial and Industrial	9,446	8,032	7,323	6,993	6,549	6,269	4,690
All Other	61	56	57	61	58	55	41
Subtotal from Distribution System	31,382	29,606	28,629	27,524	25,944	24,367	16,988
Direct from Pipelines	20,908	19,961	16,959	14,828	13,125	10,484	6,439
Total Gas Sales	52,290	49,567	45,588	42,352	39,069	34,851	23,427
Number of Customers, Dec. 31 (thousands)							
Residential	101	103	104	106	106	108	115
House-Heating	128	123	123	118	113	107	76
Commercial and Industrial	20	19	15	15	15	15	14
Total Gas Customers	249	245	242	239	234	230	205
Operating Revenue (millions of dollars)							
Residential	\$ 5.5	\$ 5.6	\$ 5.7	\$ 5.7	\$ 5.6	\$ 5.6	\$ 5.5
House-Heating	33.4	33.0	32.5	31.0	29.5	27.2	17.4
Commercial and Industrial	11.2	9.6	8.8	8.4	7.8	7.4	5.3
All Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal from Distribution System	50.2	48.3	47.1	45.2	43.0	40.3	28.3
Direct from Pipelines	8.5	8.1	7.0	5.8	5.3	4.2	2.5
Other Revenue	0.3	0.2	0.3	0.3	0.3	0.4	0.2
Total Gas Revenue	\$59.0	\$56.6	\$54.4	\$51.3	\$48.6	\$44.9	\$31.0
STEAM OPERATIONS							
Sales (millions of pounds)	6,528	6,260	6,136	5,987	5,708	5,323	3,596
Number of Customers, Dec. 31	1,139	1,127	1,115	1,106	1,077	1,069	983
Total Steam Revenue (millions of dollars)	\$7.8	\$7.6	\$7.8	\$7.4	\$7.3	\$6.7	\$4.6



Philadelphia Electric Service Area Shown in White



AREA SERVED BY PHILADELPHIA ELECTRIC COMPANY SYSTEM

Covering 2346 square miles
with a population of 3,750,000

ELECTRIC GENERATING STATIONS

IN SERVICE

	Net Capability (Kilowatts)
① Conowingo (Hydro)	512,000
② Chester	272,000
③ Eddystone	679,000
④ Southwark	377,000
⑤ Schuylkill	314,000
⑥ Delaware	445,000
⑦ Richmond	464,000
⑧ Cromby	366,000
⑨ Barbadoes	228,300
⑩ Plymouth Meeting	6,000
Total in Service	3,663,300

AUTHORIZED ADDITIONS

⑪ Peach Bottom (Atomic)	40,000
⑫ Muddy Run (Pumped Storage) ..	800,000
⑬ Keystone (P. E. Co. Portion)	378,000
⑭ Conemaugh (P. E. Co. Portion) ..	375,000

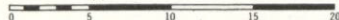
GAS PLANTS

- ⑮ West Conshohocken
- ⑯ Chester

LEGEND

- ELECTRIC AND GAS SERVICE
- ELECTRIC SERVICE ONLY
- GAS SERVICE ONLY
- STEAM SERVICE

Approximate scale of miles





Philadelphia's City Line is a fast-growing complex of shopping centers, office buildings, and high-rise apartments

Philadelphia Electric Company

